

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Higher Education Committee

BILL: CS/SB 1364

INTRODUCER: Higher Education Committee and Senator Pruitt

SUBJECT: Bright Futures Scholarship Program

DATE: March 24, 2009

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------|----------------|-----------|---------------|
| 1. | Harkey | Matthews | HE | Fav/CS |
| 2. | | | FT | |
| 3. | | | HI | |
| 4. | | | | |
| 5. | | | | |
| 6. | | | | |

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|--------------------------------------------|-----------------------------------------|
| A. COMMITTEE SUBSTITUTE..... | <input checked="checked" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill would prohibit the use of Bright Futures Scholarship funds to pay for courses a student dropped after the end of the drop and add period, or courses from which a student withdrew after the end of the drop and add period with certain exceptions. Public and private postsecondary institutions would be required to refund to the Department of Education (DOE) any funds received for courses dropped by students after the end of the drop and add period. The bill would provide an exemption from the required refund if a student has dropped or withdrawn from the course due to a verifiable illness or other documented emergency.

The bill would require a student enrolled full-time to complete at least 24, instead of 12, semester hours or the equivalent per academic year for renewal of the Florida Bright Futures Scholarship or a prorated number of credit hours if the student was enrolled less than full-time during a part of the academic year.

A one-time restoration of eligibility is provided for a student who loses Bright Futures eligibility because of insufficient credit hours. After one year, the student would be eligible for restoration after earning the required number of hours and maintaining the required GPA.

This bill amends ss. 1009.53 and 1009.532, Florida Statutes.

II. Present Situation:

The Florida Bright Futures Scholarship Program

The Florida Bright Futures Scholarship Program is a lottery-funded program that rewards Florida high school graduates whose academic achievement merits the award. The Bright Futures Scholarship Program consists of the Florida Academic Scholars Award, the Florida Medallion Scholars Award, and the Florida Gold Seal Vocational Scholars Award. Each award has its own academic eligibility requirements, award amounts, and funding length. The Florida Academic Scholars award pays the amount required to pay tuition and fees plus an additional amount for college-relate expenses. The Florida Medallion Scholars award and the Florida Gold Seal Vocational Scholars award pay 75 percent of tuition and certain fees.

A student may use a Bright Futures Scholarship award to enroll in a degree program, certificate program, or applied technology program at an eligible Florida public or private postsecondary education institution within three years of graduation from high school.¹

Disbursement and Remittance of Scholarship Funds

Postsecondary institutions must disburse the scholarship funds after the last day of the drop and add period.² The drop and add period is the limited period during which a postsecondary institution allows students to drop specific courses or to enroll in additional courses. An institution must remit to the DOE any funds for students who received a disbursement but terminated enrollment, if a refund is permitted by the institution's refund policy.³

Eligibility for Scholarship Renewal

Currently, in order to renew the scholarship, a student must complete a minimum of 12 semester credit hours or the equivalent in the last academic year in which he earned a scholarship and maintain the cumulative grade point average (GPA).⁴ A Bright Futures recipient whose grades are insufficient to renew the scholarship is eligible for a one-time restoration of eligibility. The student may raise his GPA during the summer term if that is possible.⁵ If the student is not able to earn the required grade point average during the summer, the statute permits the student to do so over an academic year and to renew the scholarship in the fall of the following academic year.⁶

Financial Aid Appeal Process

A student who believes an error has been made in determining his eligibility for financial aid may appeal to DOE.⁷ The Office of Student Financial Assistance must investigate the complaint

¹ s. 1009.53(1), F.S.

² s. 1009.53(5)(a), F.S.

³ *Id.*

⁴ s. 1009.532(1)(a), F.S.

⁵ s. 1009.532(1)(b), F.S.

⁶ *Id.*

⁷ s. 1009.42, F.S.

and take appropriate action within 30 days. If the student wishes further review of the appeal, a committee appointed by the Commissioner of Education must consider the appeal.⁸

III. Effect of Proposed Changes:

Postsecondary institutions participating in the Florida Bright Futures Scholarship program would be required to refund to the DOE within 30 days after the end of the semester any funds received for courses a student dropped or withdrew from after the end of the drop and add period. An exception could be made if a student dropped or withdrew from the course because of a verifiable illness or emergency.

Students classified as full-time would have to complete at least 24 semester credit hours, or the equivalent, in an academic year for renewal eligibility, or a prorated number of hours if the student was enrolled less than full-time. A one-time restoration of eligibility is provided for a student who lost Bright Futures eligibility because of insufficient credit hours. After one year, a student who earned the required number of hours and maintained the required GPA would be eligible for restoration of the scholarship.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Private postsecondary institutions would have to refund to the DOE funds that paid for courses dropped by students. According to the DOE, the amount that private institutions would refund in 2009-2010 would be \$1.4 million.

⁸ *Id.*

C. Government Sector Impact:

The following chart from the Department of Education projects a cost savings of \$30,344,371 in 2009-2010 relating to the bill's provisions regarding dropped courses for Florida Academic Scholars (FAS), Florida Medallion Scholars (FMS), and Gold Seal vocational Scholars (GSV).

2009-2010 Projected Cost Savings of Bright Futures Dropped/Withdrawn Hours by Sector and Program Award

| Institution Type | Total Hours Dropped/Withdrawn | Sector/Program Percent of Hours Dropped / Withdrawn | Cost per Credit Hour | Projected Cost of Hours Dropped/Withdrawn |
|-------------------------|--------------------------------------|------------------------------------------------------------|-----------------------------|--------------------------------------------------|
| 2-Year Public | 75,734 | 24.3% | | \$5,691,814 |
| FAS | 2,848 | | \$75.62 | \$215,366 |
| FMS | 71,024 | | \$75.62 | \$5,370,835 |
| GSV | 1,862 | | \$56.72 | \$105,613 |
| 4-Year Public | 222,313 | 71.2% | | \$23,171,811 |
| FAS | 54,561 | | \$128.46 | \$7,008,906 |
| FMS | 166,717 | | \$96.35 | \$16,063,183 |
| GSV | 1,035 | | \$96.35 | \$99,722 |
| 4-Year Private | 14,115 | 4.5% | | \$1,480,746 |
| FAS | 3,761 | | \$128.46 | \$483,138 |
| FMS | 10,279 | | \$96.35 | \$990,382 |
| GSV | 75 | | \$96.35 | \$7,226 |
| TOTAL | 312,162 | | | \$30,344,371 |
| FAS | 61,170 | 20% | | \$7,707,410 |
| FMS | 248,020 | 79% | | \$22,424,400 |
| GSV | 2,972 | 1% | | \$212,561 |

The DOE estimates a cost savings of \$20,325,208 in 2009-2010 based on the changes in renewal eligibility criteria. This estimate was calculated based on the number of full-time and prorated students who would not meet the credit hour renewal requirements. The chart below shows the projected savings according to scholarship type:

2009-2010 Projected cost Savings from Non-renewal Students Not Earning Full-time or Prorated Course Enrollments as Funded

| Bright Futures Program | Projected Savings |
|---------------------------------------|--------------------------|
| Florida Academic Scholars | \$ 5,342,303 |
| Florida Medallion Scholars | \$14,978,979 |
| Florida Gold Seal Vocational Scholars | \$ 3,927 |
| Total | \$20,325,208 |

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Higher Education on March 24, 2009:

The Committee Substitute differs from SB 1364 in the following ways:

- The DOE would not approve each exception for an illness or emergency; and
- A student who lost Bright Futures eligibility because of insufficient credit hours and who subsequently earned the required number of hours would be eligible for the restoration of the scholarship one time.

B. Amendments:

None.